



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS WARNER ROBBINS AIR LOGISTICS CENTER (AFMC)

64-10
Miscellaneous
Pinner
19 Jul 01

5 July 2001

MEMORANDUM FOR SEE DISTRIBUTION

FROM: WR-ALC/CD

SUBJECT: Management of Air Force Depot Maintenance Workload Distribution

1. United States Code Title 10, Section 2466 (i.e., 50/50 law) establishes a 50 percent limitation on depot maintenance workload that may be performed by the private sector. Since the Air Force is approaching the 50 percent threshold in future years, we are under more stringent requirements to track organic and contract distribution of depot maintenance workloads to ensure our compliance with this law.
2. AFMC/CC Memo, 28 Feb 01, is provided as Attachment 1. Attachment 2 is the WR-ALC Guidelines for Depot Maintenance Workload Approvals. These guidelines provide a summary of the approval criteria, approval thresholds, and associated file documentation requirements. I expect full compliance with these attachments.
3. Depot maintenance workload decisions require approval regardless of the dollar amount, source of funding, or location of workload in accordance with the attached guidelines. This workload includes all Depot Maintenance Activity Group (DMAG) funded workload, contract logistics support, interim contractor support, modification installation, contract augmentees, contract field teams, bridge/emergency/contingency contracts, and depot workload performed by other government services or agencies. Formal source of repair approval is also required for workloads that are new starts, workload shifts, major modifications, and overseas workload. The requiring activity personnel are responsible for determining requirements and ensuring completion of the appropriate approvals. Program managers (or other requirements managers) shall not issue requirements to contract for depot-level maintenance without securing an approved Source of Repair Assignment Process (SORAP) decision document, workload certification, or DMAG contract review approval. Contracting officers must ensure that the requirements personnel have completed these activities before issuing contracts for depot-level maintenance.
4. It is important to note that the Contract DMAG Review Process, paragraph 6 of Attachment 1, is a new requirement. This process will either confirm that a workload may be continued on contract or that a SORAP package is required. This requirement applies whether or not a SORAP (or decision tree analysis) has been previously accomplished. Requirements personnel should start this process within 18-24 months prior to contract renewals or extensions. Therefore, suspense procedures should be established to ensure timely approvals.

2001-13

5. The point of contact is Ms. Janet Hale, WR-ALC/XPXM, extension 65542.


STEPHEN L. DAVIS
Executive Director

Attachments:

1. AFMC/CC Memo, 28 Feb 01
2. WR-ALC Guidelines

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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

MEMORANDUM FOR SEE DISTRIBUTION

28 FEB 2001

FROM: AFMC/CC
4375 Chidlaw Road
Wright-Patterson AFB OH 45433-5001

SUBJECT: Management of Air Force Depot Maintenance Workload Distribution,
(AFMC/CC Memos, 29 Oct 99 and 8 Nov 00)

1. This policy memo supercedes subject memos in order to consolidate the policies and clarify their intent. United States Code (USC) Title 10, Section 2466 establishes a 50 percent limitation on depot maintenance workload that may be performed by private sector sources of repair. Recent workload distribution reports have revealed that the Air Force will be close to the 50 percent threshold throughout the Future Years Defense Plan (FYDP). The corporate Air Force is committed to complying with this statute and providing effective depot support to our customer, the warfighter.
2. The purpose of this memo is twofold. The first is to update the guidance contained in the subject memo, 29 October 1999, for obtaining approval of all depot maintenance workloads. Secondly, this memo clarifies the guidance in the subject 8 November 2000 memo containing the evaluation criteria for contract Depot Maintenance Activity Group (DMAG) workloads managed by the Air Logistics Centers (ALCs).
3. All depot workload sourcing decisions require HQ AFMC/LG approval based on the classification and dollar amounts of the workload as indicated below and in attachment 1. These workloads impact the 50 percent limitation and include all DMAG funded workload, Contractor Logistics Support (CLS), Interim Contractor Support (ICS), modifications, contract augmentees, and depot workload performed by other government services and agencies. All partnering initiatives containing depot maintenance workloads are included in this policy. Also included are contracts to satisfy temporary depot workload requirements made necessary as a result of workload transitions or backlogs. These contracts are commonly identified as bridge, emergency, or contingency contracts. Additional details on these types of contracts can be found in the HQ AFMC/LG memo, 18 May 2000, Bridge, Emergency and Contingency Contract Approvals, (attachment 2).
4. Source of Repair Assignment Process (SORAP). New starts, workload shifts, modifications, and overseas workload repair initiations require formal source of repair approval (regardless of the dollar value) through the SORAP. The SORAP is described in attachment 3 to AF1 63-107. During the system acquisition process, program managers should maintain long-term access to data required for competitive sourcing in accordance with DoD 5000.2R (Interim), paragraph 2.8.2.1.

5. Non-SORAP Workloads. Workloads not requiring a formal SORAP will still require approval from HQ AFMC/LG. Attachment 1 outlines the various workloads and their respective approval processes.

6. Contract DMAG Review Process. New evaluation requirements specific to contract depot workload managed through DMAG have been established. For these workloads, criteria similar to that used in the SORAP must be used to evaluate existing contracts. This evaluation should occur 18-24 months prior to renewals, and for contract extensions and modifications as the requirement is identified. The evaluation does not apply to contract options since they would have been reviewed with the basic contract. The ALC commander must review all of these potential changes to DMAG workloads to ensure core and cost are considered from a corporate perspective. The ALC commander may then approve changes up to \$500,000 per year. HQ AFMC/LG must approve changes greater than \$500,000. The contract review process will either confirm that the workload will remain on contract or indicate that a SORAP package must be prepared.

7. Support from across the command is required to ensure this policy is successful and results in positive management control from both a statutory and a business perspective. Questions regarding the SORAP can be directed to Lt Col Forest, HQ AFMC/LGPW, DSN 787-5610. Questions regarding contract DMAG workloads can be directed to Gary Kapka, HQ AFMC/LGPC, DSN 674-0024.


LESTER L. LYLES
General, USAF
Commander

Attachments:

1. General Guidelines for Approving a Depot Workload Source of Repair
2. HQ AFMC/LG Memo, 18 May 2000

cc:

HQ USAE/L
SAF/AQ
HQ AFMC/DR/PK

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Attachment 1

General Guidelines for Approving Depot Workload Source of Repair

Depot Maintenance Workload Definition

a. Based on Title 10 USC 2460, depot-level maintenance and repair means material maintenance or repair requiring the overhaul, upgrading or rebuilding of end items (including weapon systems), subsystems, parts, assemblies or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds or the location of the maintenance or repair. This term includes all aspects of software maintenance classified by the DoD as depot level maintenance and repair. It also includes Interim Contract Support (ICS) or Contractor Logistics Support (CLS) to the extent that such support is for the performance of services described above.

b. For added clarification, depot maintenance also includes depot field teams, maintenance (shop floor) engineering, manufacture of parts, certain modifications (or related actions), testing and reclamation as performed at an organic or contract depot or by depot or contract field teams. Depot maintenance serves to support lower levels of maintenance by providing technical assistance and maintenance capability beyond their responsibilities or capability. Depot maintenance provides end items and stocks of serviceable material and equipment by using more extensive facilities, equipment, technical data or expertise than is available in lower levels of maintenance activities. Finally, any additional warranty costs, over and above an available standard commercial warranty, is included. This also includes extended warranties or negotiated warranties where depot maintenance costs can be identified separately.

c. Depot-level software maintenance comprises software maintenance performed on military material (e.g., weapon system and their components, space control systems and their components, automated test equipment and test program, sets, and systems integration laboratories). Depot level software maintenance does not include maintenance of business data systems (Information Systems Activity Group) since that is already included in General and Administrative (G&A) costs. Software maintenance includes activities necessary to 1) correct errors in the software; 2) add incremental capability improvements (or delete unneeded features) through software changes; and 3) adapt software to retain compatibility with hardware or other systems with which the software interfaces. Only depot-level software maintenance will be reported. Depot-level software maintenance will be reported regardless of location or funding source. Acquisition processes for software which feature spiral development are not considered depot-level software maintenance. Spiral development is a revised acquisition strategy that delivers new versions of software instead of delivering a patch to an existing software configuration. Examples of spiral development products are

Windows 95, 97, 98, and 2000 operating systems, each a stand-alone generation of a common operating system.

Types of Depot Maintenance Workload

Type Workload	Description	Typical Duration	Typical Funding	Approval document
Permanent Depot Workload	New depot maintenance/repair workload to be performed at a DoD depot facility or at a contractor facility.	Long-term support	DMAG	SORAP/DMI
CLS	Long term logistics support performed by a contractor	Long-term support	3400 (EEIC 578/592/554)	SORAP/DMI
ICS	Logistics support performed by a contractor until a permanent support concept is approved and established	Short-term (1-3 years), interim support until long-term support established	30XX or 3400 (EEIC 579)	LG approval memo
Interservice	Air Force depot workload performed by another Service, major Command, or Government agency. Lessens the need to establish redundant capabilities among the Services for jointly shared programs.	Long-term	Contract DMAG	SORAP/DMI
Depot Modifications (Installation and Repair)	Installation of new or upgraded capability or hardware. Installation costs only. Kit procurement costs not included. Repair workload associated with the installation of the modification.	Installations - Finite duration (typically 1-5 years). Repair - long term	Various	SORAP/DMI
Contract Augmentee	Depot workload normally performed by government personnel. Government workforce temporarily augmented by contract personnel at the government facility. Typical purpose is to reduce or eliminate backlogged workload.	Temporary (two years or less)	Organic DMAG	LG approval memo ⁽¹⁾
Bridge (BRAC related moves)/ Contingency/ Emergency Contract	Short-term workload performed by a contractor to support customer requirements during workload transitions between sources of repair or to reduce or eliminate backlogged organic workload.	Temporary (one year or less)	Contract DMAG	LG approval memo ⁽¹⁾
Contractual Changes	Any increases or decreases of \$500K or more in type or amount of workload on existing contract		Various	LG approval memo ⁽²⁾

Note 1: Workloads under \$100,000 approved by the ALC commander. Workloads over \$100,000 approved by HQ AFMC/LG. Note 2: Workloads under \$500,000 approved by the Center Commander. Workloads over \$500,000 approved by HQ AFMC/LG.

WR-ALC Guidelines for Depot Maintenance Workload Approvals

DEPOT LEVEL MAINTENANCE DEFINITION:

In accordance with Title 10 USC 2460, **depot level maintenance and repair** means material maintenance or repair requiring the overhaul, upgrading or rebuilding of end items (including weapon systems), subsystems, parts, assemblies or subassemblies and the testing and reclamation of equipment as necessary regardless of the source of funds for or the location of the maintenance or repair. This term includes all aspects of software maintenance classified by the DoD as depot level maintenance and repair, Interim Contract Support (ICS) or Contractor Logistics Support (CLS). For added clarification, depot maintenance also includes depot field teams, maintenance (shop floor) engineering, technical support, manufacture of parts, modifications (or related actions), testing and reclamation as performed at an organic or contract depot or by depot or contract field teams. Finally, any additional warranty costs, over and above an available standard commercial warranty, is considered depot maintenance. Depot-level software maintenance comprises software maintenance performed on military material (e.g., weapon system and their components, space control systems and their components, automated test equipment and test program, sets, and systems integration laboratories). Software maintenance includes activities necessary to 1) correct errors in the software; 2) add incremental capability improvements (or delete unneeded features) through software changes; and 3) adapt software to retain compatibility with hardware or other systems with which the software interfaces. Acquisition processes for software, which feature spiral development, are not considered depot-level software maintenance.

APPROVAL DOCUMENTATION

1) SOURCE OF REPAIR ASSIGNMENT PROCESS (SORAP)

SORAP Documentation is required for permanent workload decisions. The major areas requiring SORAP documentation are:

Permanent Depot Workload - New depot level maintenance/ repair workload or a permanent depot workload shift (public to private or vice versa) to be performed at a DoD depot facility or at a contractor facility.

Contract Logistics Support - Long-term logistics support performed by a contractor. Includes Total System Support Responsibility (TSSR), Total System Performance Responsibility (TSPR), or other similar approach that involves contractor performance of depot level maintenance activities.

Interservice - Air Force depot level workload performed by another Service, major Command, or Government agency, which lessens the need to establish redundant capabilities among the Services for joint or shared programs.

Depot Modifications (Installation and Repair) - Installation of new or upgraded capability or hardware/software. This includes installation costs (not kit procurement costs), and the repair workload associated with the installation of the modification.

Detail SORAP procedures are contained in AFI 63-107 Attachment 3. For additional information contact WR-ALC/XPXM, 6-3202.

WR-ALC Guidelines for Depot Maintenance Workload Approvals

2) WORKLOAD CERTIFICATION

Workload Certification is typically required for a change in the projected budget, such as a shift from contract to organic or vice versa. Workload Certification is required for the following types of depot level maintenance workloads.

Interim Contract Support - Logistics support performed by a contractor until a permanent support concept is approved and established. AFMC/LG Workload Certification required for all ICS workloads. If the estimated dollar amount is below \$100K per year, WR-ALC/CD may approve. Workloads of \$100K or above require certification by AFMC/LG.

Contract Augmentee - Depot level workload normally performed by government personnel. Government workforce temporarily augmented by contract personnel at the government facility and normally utilizing the organic DMAG funds. Typical purpose is to reduce or eliminate backlogged workload. This does not include DMAG funded Contract Field Teams funded with contract DMAG dollars (see paragraph 3 below for CFT approval requirements). If the estimated dollar amount is below \$100K, WR-ALC/CD may approve. Workloads of \$100K or above require certification by AFMC/LG.

Bridge/Contingency/Emergency Contract - Short-term workload performed by a contractor to support customer requirements during workload transitions between sources of repair or to reduce or eliminate backlogged organic workload. If the estimated dollar amount is below \$100K, WR-ALC/CD may approve. Workloads of \$100K or above require certification by AFMC/LG. **Note:** Bridge/Contingency and Emergency Contracts require transition plans and monthly reports (See format on pages 6 and 7).

Contractual Changes - Any increases or decreases \$500K or above (per year) in type or amount of workload on existing contract. AFMC/LG Workload Certification required.

Workload Certification Procedures:

- a) For other than ICS workloads, the requirements activity (e.g. Single Manager or Program Manager) identifies requirement and sends requesting memo to WR-ALC/XP. Requesting memo shall include:
 - a. Title / National Stock Numbers or other appropriate description of the workload.
 - b. Dollar amount by fiscal year (Best Estimate and Not-to-exceed).
 - c. Type of workload (bridge contract, contract augmentee, etc.)
 - d. Name of proposed contractor(s) or statement of competitive workload.
 - e. Justification and mission impact.
 - f. Recovery plan with the planned date of transition to organic.
 - g. State alternate methods considered prior to contract request.
 - h. Identify a potential workload to bring in-house to offset 50/50 impact.
 - i. Include the organic source of repair coordination.
- b) For ICS workloads, single manager identifies requirement and sends requesting memo to WR-ALC/XP. Requesting memo shall include:
 - a. Title / National Stock Numbers or other appropriate description of the workload.
 - b. Dollar amount by fiscal year (Best Estimate and Not-to-exceed).
 - c. Expected date of permanent source of repair decision.
 - d. Rationale for ICS and mission impact if ICS is not accomplished.
- c) WR-ALC/XP will prepare a requesting memo to appropriate certifying official.
- d) AFMC/LG will review the request and assess the 50/50 impact. AFMC/LG will typically respond within five working days.

For additional information regarding workload certifications contact WR-ALC/XPXM, 6-3202.

WR-ALC Guidelines for Depot Maintenance Workload Approvals

3) DMAG CONTRACT REVIEW APPROVAL:

DMAG Contract Review is required for all new contracting efforts for depot level maintenance/repair workloads managed through DMAG. All new contracting efforts (excluding option exercises) shall be evaluated to confirm that the workload may be awarded on contract or indicate that a SORAP package is required. Evaluation typically should occur 18 to 24 months prior to renewals, extensions, and modifications of contract to ensure that sufficient time is made available to accomplish the SORAP, if required.

DMAG Contract Review Approval Procedures:

- a) The requirements activity (e.g. Single Manager or Program Manager) identifies requirement and completes the DMAG Contract Review Worksheet (Pages 4 and 5).
- b) The product directorate branch chief may approve if dollar amount is below \$100K. A copy of the approved DMAG Contract Review Worksheet shall be submitted to WR-ALC/XPXM. Note: Programs may not be acquired via multiple contract actions solely to avoid the higher-level approvals.
- c) If dollar amount is equal to or greater than \$100K (per year), then requesting memo along with the DMAG Contract Review Worksheet shall be submitted to WR-ALC/XPXM.
- d) If dollar amount is equal to or greater than \$100K and less than \$250K (per year), WR-ALC/XPX will be the approval official.
- e) If dollar amount is equal to or greater than \$250K and less than \$500K (per year), WR-ALC/CD will be the approval official. WR-ALC/XPXM will prepare the package for WR-ALC/CD approval.
- f) If dollar amount is \$500K or greater (per year), WR-ALC/XPXM will prepare a requesting memo to AFMC/LGP. AFMC/LG will review the request and assess the 50/50 impact, before stating whether workload shall remain on contract or if a SORAP is required.
- g) WR-ALC/LGPC will ensure all Purchase Requests (PRs) for depot level maintenance/repair have proper DMAG Contract approval (as part of the PR package) before processing. Approval documentation must be included as a component of all purchase request packages submitted for processing. For those purchase requests that require a Contract Review Team review, approval documentation must be made available at that time.

For additional information regarding DMAG contract reviews contact WR-ALC/XPXM, 6-3202, or WR-ALC/LGPC, 6-4143.

WR-ALC Guidelines for Depot Maintenance Workload Approvals

DMAG Contract Review Worksheet

Workload MDS, System Nomenclature, Item Name _____

Previous Contract # _____

Program Management OPR: _____

1. Contract Value by year and total:
2. Contract Type
3. Workload Requirement over the term of the contract:

Hours (if available) through the POM years

4. Does the organic depot possess:

Applicable technology _____, capability _____

Current Core Capability Deficit (applicable technology: e.g. aircraft or avionics) _____

(This item should be coordinated with the current candidate depot, TRC or mission assignment center (See number 9). If Item 4 is answered affirmatively, you should exit this process and perform a SORAP.)

5. Program Issues /Constraints: (Indicate only those that apply)

- a. Data availability (incl. Proprietary Constraints) _____
- b. SE availability (incl. Proprietary Constraints) _____
- c. Overseas workload _____
- d. Second or Multiple source _____
- e. Industrial Base Support _____
- f. Other _____

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WR-ALC Guidelines for Depot Maintenance Workload Approvals

DMAG Contract Review Worksheet (Continued)

6. Summary Cost Comparison (\$ in Current Year). Discussion should be in terms of delta cost issues. For Example differences in transportation costs. Where the same or similar work is not currently performed in the depot, provide a narrative description of cost elements required to establish capability. Do not perform a grass-roots estimate.

- a. Non-Recurring
- b. Recurring Product Unit Cost

7. Single manager recommendation

8. For contract recommendations: Is this requirement projected in the command 10 USC 2466 (50/50) projection?

If not, include impact to mission readiness if contract is not approved.

9. Candidate Depot Concurrence (Division Level) _____
Approval Level for contracts under \$100K (per year).

Candidate Depot Concurrence (Directorate Level) _____
Approval Level for contracts equal to or greater than \$100K(per year).

10. Branch Chief of Product Directorate Concurrence _____
Approval Level for contracts under \$100K (per year).

11. WR-ALC/XPX Concurrence _____
Approval Level for contracts equal to or greater than \$100K and less than \$250K (per year).

12. WR-ALC/CD Concurrence _____
Approval Level for contracts equal to or greater than \$250K and less than \$500K (per year).

13. HQ AFMC/LG Concurrence _____
Approval Level for contracts \$500K or greater (per year).

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WR-ALC Guidelines for Depot Maintenance Workload Approvals

Original Bridge/Contingency/Emergency Workload Transition Plans

Title:

Description of Program:

Contract Costs by FY for Basic and All Option Years:

Proposed Organic Cost for Program:

Organic Source of Repair:

Transition Responsibility:

Facility Preparation: Actions required to make the organic facility ready to accept the workload. Identify any impacts to other workloads.

Equipment Preparation: Identify equipment repairs and acquisitions required.

Personnel Hiring/Training Schedule: Identify necessary personnel hiring plans, manning requirements (multi-shift) and training requirements.

Material Plan:

Technical Data Plan:

Timeline/Milestones to Migrate to Organic: Develop a timeline including all aspects of the plan. Include start and completion dates for facility, equipment, personnel, technical data, and material issues.

WR-ALC Guidelines for Depot Maintenance Workload Approvals

Monthly Bridge/Contingency/Emergency Monthly Report Format

Due to WR-ALC/XPXM on the last Monday of each month.

Title (As stated in the original Transition Plan):

Description of Program (As stated in the original Transition Plan):

Dollar Value (As stated in the original Transition Plan):

Overall ALC Execution of bridge/contingency transition progress

Identify workloads/areas not on-schedule

- Identify Problem Areas
- Describe get-well plan (state if overall schedule will be met)
- Identify if HQ AFMC support is required